Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

AGRICULTURE AND AGRI-FOOD CANADA

Future-Oriented Financial Statements
For the years ending March 31, 2012 and 2013

Canada

Statement of Management Responsibility

Departmental management is responsible for these Future-oriented Financial Statements, including responsibility for the appropriateness of the assumptions on which these statements are prepared. These statements are based on the best information available and assumptions adopted as at March 5, 2012 and reflect the plans described in the Report on Plans and Priorities.

	Original signed
John Knubley, Deputy Minister	Pierre Corriveau, Chief Financial Officer

Ottawa, Canada

April 2, 2012

AGRICULTURE AND AGRI-FOOD CANADA

Future-oriented Statement of Financial Position
As at March 31
(in thousands of dollars)

	Planned Results 2013	Estimated Results 2012
ASSETS		
Financial assets		
Due from Consolidated Revenue Fund	$ 1,748,846	$ 1,863,169
Accounts receivable and advances (Note 6)	70,334	67,597
Loans receivable (Note 7)	343,198	329,454
Total financial assets	2,162,378	2,260,220
Non-financial assets		
Prepaid expenses and inventory	1,554	2,688
Tangible capital assets (Note 8)	398,739	394,993
Total non-financial assets	400,293	397,681
	$ 2,562,671	$ 2,657,901
LIABILITIES AND EQUITY OF CANADA		
Liabilities		
Accounts payable and accrued liabilities (Note 9)	$ 1,818,892	$ 1,958,016
Vacation pay and compensatory leave	34,690	34,575
Deferred revenue (Note 10)	10,179	10,468
Employee future benefits (Note 11)	50,634	95,620
Other liabilities (Note 12)	52,378	61,959
	1,966,773	2,160,638
Equity of Canada	595,898	497,263
	$ 2,562,671	$ 2,657,901

Information for the year ended March 31, 2012 includes actual amounts from April 1, 2011 to January 31, 2012.

Contingencies (Note 14)

The accompanying notes form an integral part of these Future-oriented Financial Statements.

AGRICULTURE AND AGRI-FOOD CANADA

Future-oriented Statement of Operations
For the Year Ending March 31
(in thousands of dollars)

	Planned Results 2013	Estimated Results 2012
EXPENSES		
Business Risk Management	$ 1,817,756	$ 1,681,923
Internal Services	419,677	407,827
Science, Innovation and Adoption	349,695	289,791
Trade and Market Development	113,496	109,174
On-Farm Action	151,665	174,189
Food Safety and Biosecurity Risk Management Systems	95,416	116,578
Environmental Knowledge, Technology, Information and Measurement	56,298	64,731
Agri-Business Development	41,882	75,401
Rural and Co-operatives Development	19,459	25,108
Canadian Pari-Mutuel Agency	10,533	11,052
Regulatory Efficiency Facilitation	35,374	25,680
Farm Products Council of Canada	2,731	3,128
	3,113,982	2,984,582
REVENUES		
Business Risk Management	46,042	45,363
Internal Services	23,418	23,638
Science, Innovation and Adoption	24,700	25,063
On-Farm Action	22,761	22,811
Food Safety and Biosecurity Risk Management Systems	1,798	1,799
Environmental Knowledge, Technology, Information and Measurement	5,587	5,592
Canadian Pari-Mutuel Agency	10,575	11,011
	134,881	135,277
NET COST FROM CONTINUING OPERATIONS	$ 2,979,101	$ 2,849,305
TRANSFERRED OPERATIONS		
Expenses	-	9,187
	-	9,187
NET COST OF OPERATIONS	$ 2,979,101	$ 2,858,492

Information for the year ended March 31, 2012 includes actual amounts from April 1, 2011 to January 31, 2012.

Segmented information (Note 16)

The accompanying notes form an integral part of these Future-oriented Financial Statements.

AGRICULTURE AND AGRI-FOOD CANADA

Future-oriented Statement of Equity of Canada
For the Year Ending March 31
(in thousands of dollars)

	Planned Results 2013	Estimated Results 2012
EQUITY OF CANADA, BEGINNING OF YEAR	$ 497,263	$ 467,878
Net cost of operations	(2,979,101)	(2,858,492)
Net cash provided by Government	3,110,128	2,652,307
Change in due from the Consolidated Revenue Fund	(114,323)	159,587
Services provided without charge by other government departments (Note 15)	81,931	76,563
Transfer of assets and liabilities to other government departments (Note 17)	-	(580)
EQUITY OF CANADA, END OF YEAR	$ 595,898	$ 497,263
Restricted equity of Canada (Note 13)	162,878	126,176
Non-restricted equity of Canada	433,020	371,087
EQUITY OF CANADA	$ 595,898	$ 497,263

Information for the year ended March 31, 2012 includes actual amounts from April 1, 2011 to January 31, 2012.

The accompanying notes form an integral part of these Future-oriented Financial Statements.

AGRICULTURE AND AGRI-FOOD CANADA

Future-oriented Statement of Cash Flows
For the Year Ending March 31
(in thousands of dollars)

	Planned Results 2013	Estimated Results 2012
OPERATING ACTIVITIES		
Net cost of operations	$ 2,979,101	$ 2,858,492
Non-cash items:		
Amortization of tangible capital assets	(42,868)	(46,251)
Gain (Loss) on disposal of tangible capital assets	90	94
Non-cash changes of tangible capital assets	6,749	3,209
Services provided without charge by other government departments	(81,931)	(75,563)
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable and advances	2,737	(2,891)
Increase (decrease) in loans receivable	13,744	12,876
Increase (decrease) in prepaid expenses and inventory	(1,134)	(2,295)
Decrease (increase) in accounts payable and accrued liabilities	139,124	(386,096)
Decrease (increase) in vacation pay and compensatory leave	(115)	3,165
Decrease (increase) in deferred revenue	289	1,133
Decrease (increase) in employee future benefits	44,986	14,119
Decrease (increase) in other liabilities	9,581	232,843
CASH USED IN OPERATING ACTIVITIES	3,070,353	2,611,835
CAPITAL INVESTING ACTIVITIES		
Acquisition of tangible capital assets	40,002	40,680
Proceeds from disposal of tangible capital assets	(227)	(208)
CASH USED IN CAPITAL INVESTING ACTIVITIES	39,775	40,472
NET CASH PROVIDED BY GOVERNMENT OF CANADA	$ 3,110,128	$ 2,652,307

Information for the year ended March 31, 2012 includes actual amounts from April 1, 2011 to January 31, 2012.

The accompanying notes form an integral part of these Future-oriented Financial Statements.

Note 1 - Authority and objectives

The Department of Agriculture and Agri-Food (AAFC) was originally established in 1868. Under the *Department of Agriculture and Agri-Food Act*, the Minister is responsible for agriculture, products derived from agriculture and research related to agriculture and products derived from agriculture including the operation of experimental farm stations, unless they have been assigned by law to another department, board or agency.

The Department provides information, research and technology, and policies and programs to achieve security of the food system, health of the environment and innovation for growth.

Detailed information on Agriculture and Agri-Food Canada's program activities can be found in Section II of the 2012-2013 Report on Plans and Priorities.

Note 2 – Methodology and significant assumptions

The Future-oriented Financial Statements have been prepared on the basis of the government priorities and the plans of the Department as described in the Report on Plans and Priorities.

The main assumptions are as follows:

(a) The Department's activities will remain substantially the same as for the previous year.

(b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience. The general historical pattern is expected to continue.

(c) Allowances for uncollectibility are based on historical experience. The general historical pattern is expected to continue.

(d) Estimated year end information for 2011-12 is used as the opening position for the 2012-13 forecasts.

These assumptions are adopted as at March 5, 2012.

Note 3 – Variations and Changes to the Forecast Financial Information

While every attempt has been made to forecast final results for the remainder of 2011-12 and for 2012-13, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing these Future-oriented Financial Statements, Agriculture and Agri-Food Canada has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the Future-oriented Financial Statements and the historical financial statements include:

(a) The timing and amounts of acquisitions and disposals of property, plant and equipment may affect gains/losses and amortization expense.

(b) Implementation of new collective agreements.

(c) Economic conditions may affect both the amount of revenue earned and the collectability of loan receivables.

(d) Interest rates in effect at the time of issue will affect the net present value of non-interest bearing loans.

(e) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year.

Once the Report on Plans and Priorities is presented, Agriculture and Agri-Food Canada will not be updating the forecasts for any changes to appropriations or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

Note 4 - Summary of significant accounting policies

The Future-oriented Financial Statements have been prepared in accordance with the Treasury Board accounting policies in effect for the 2010-2011 fiscal year. These accounting policies, stated below, are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

(a) Parliamentary authorities – Agriculture and Agri-Food Canada is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Department do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Future-oriented Statement of Operations and the Future-oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.

(b) Consolidation – These Future-oriented consolidated Financial Statements include the accounts of the sub-entities that are under the control of the Department. The accounts of these sub-entities have been consolidated with those of the Department and all inter-organizational balances and transactions have been eliminated. The sub-entities include the Farm Products Council of Canada and the Canadian Pari-Mutuel Agency. The Future-oriented Financial Statements do not include the accounts of the Canadian Food Inspection Agency, the Canadian Wheat Board, the Canadian Grain Commission, the Canadian Dairy Commission and Farm Credit Canada because they are not under the control of Agriculture and Agri-Food Canada and therefore, are not consolidated.

(c) Net Cash Provided by Government – The Department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Department is deposited to the CRF and all cash disbursements made by the Department are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

(d) Amounts due from/to the CRF – These amounts are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Department is entitled to draw from the CRF without further parliamentary expenditure authorities to discharge its liabilities.

(e) Revenues:

- Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.

- Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred.

- Funds that have been received are recorded as deferred revenue, provided the Department has an obligation to other parties for the provision of goods, services or the use of assets in the future.

- Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

- Refunds of prior year expenses are recorded in the period when they are received.

- Interest revenue is recognized when earned. Interest revenue ceases to be accrued when either principal or interest is not reasonably collectable.

(f) Expenses – Expenses are recorded on an accrual basis:

- Grants are recognized in the year in which the conditions for payment are met. In the case of grants which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements;

- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement, provided that the transfer is authorized and a reasonable estimate can be made.

- Vacation pay and compensatory leave are accrued as the benefits are earned under the respective terms of employment.

- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans, legal services and workers' compensation coverage are reported as operating expenses at their estimated cost.

(g) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer pension plan administered by the Government. The Department's contributions to the Plan are charged to expenses in the year incurred and represent the total Departmental obligation to the Plan. Current legislation does not require the Department to make contributions for any actuarial deficiencies of the Plan.

(ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(h) Accounts and loans receivables are stated at the lower of cost and net recoverable value; a valuation allowance is established for receivables where recovery is considered uncertain.

(i) Repayable contributions are contributions where the recipient is expected to repay the amount advanced. Depending on their nature, they are classified as either unconditionally repayable or conditionally repayable and are accounted for accordingly.

(i) Unconditionally repayable contributions are contributions that must be repaid without qualification. Normally, these contributions are provided with a low or no interest clause. Due to their concessionary nature, they are recorded on the Future-oriented Statement of Financial Position as loans at their estimated present value. An estimated allowance for uncollectibility is established where appropriate.

(ii) Conditionally repayable contributions are contributions that, all or part of which become repayable, if conditions specified in the contribution agreement come into effect. Accordingly, they are not recorded on the Statement of Financial Position until such time as the conditions specified in the agreement come into effect, at which time they are recorded as a receivable and a reduction in transfer payment expenses. An estimated allowance for uncollectibility is established where appropriate.

(j) Contingencies – Contingencies are potential recoveries or liabilities which may become actual recoveries or liabilities when one or more future events occur or fail to occur.

(i) Contingent liabilities – To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the Future-oriented Financial Statements.

(ii) Contingent recoveries – Contingent gains are not accrued in the Future-oriented Financial Statements. However, a contingent gain which is considered likely to be realized is disclosed in the notes to the Future-oriented Financial Statements.

(k) Loan and Price Guarantees – An allowance on loans or price guarantees is recorded in the accounts when it is likely that a payment will be made to honor a guarantee and where the amount of the anticipated loss can be reasonably estimated. The amount of the allowance for losses is determined based on historical loss experience and economic conditions adversely affecting the capacity of borrowers to reimburse the loan. The allowance is reviewed on a regular basis and the variations are recorded in the Future-oriented Statement of operations.

(l) Environmental liabilities – Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when the Department becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of the Department's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the Future-oriented Financial Statements.

(m) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. The Department does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

ASSET CLASS	AMORTIZATION PERIOD
Buildings	20 to 30 years
Works and infrastructure	15 to 40 years
Machinery and equipment	7 to 20 years
Vehicles	7 to 25 years
Computer Hardware and Software	3 to 5 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

Note 5 - Parliamentary Authorities

The Department receives most of its funding through expenditure authorities provided by Parliament. Items recognized in the Future-oriented Statements of Operations and Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Department has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to requested authorities

	Planned Results 2013	Estimated Result 2012
Net cost of operations	$ 2,979,101	$ 2,858,492
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(42,868)	(46,251)
Gain (Loss) on disposal of tangible capital assets	90	94
Non cash changes of tangible capital assets	6,749	3,209
Services provided without charge by other government departments	(81,931)	(76,563)
Increase (decrease) in prepaid and inventory	(1,170)	(2,331)
Increase (decrease) in restricted equity	36,702	36,278
Decrease (increase) in vacation pay and compensatory leave	(115)	3,165
Decrease (increase) in accrued liabilities	(35,992)	(9,719)
Decrease (increase) in employee future benefits	44,986	14,119
Decrease (increase) in allowances for bad debt expenses	(9,919)	(8,534)
Refund of prior years' expenditures	5,781	28,532
Revenue not available for spending	(5,708)	(6,155)
Respendable revenue	(12,257)	(12,399)
Other	70,053	59,980
	(25,599)	(16,575)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	40,002	40,680
Proceeds from disposal of tangible capital assets	(227)	(208)
Increase (decrease) in loan receivables	19,260	44,221
Increase in inventory	36	36
	59,071	84,729
Forecast current year lapse	-	46,904
FORECAST AUTHORITIES AVAILABLE	$ 3,012,573	$ 2,973,550

(b) Authorities requested

	Planned Results 2013	Estimated Results 2012
AUTHORITIES REQUESTED:		
Vote 1 - Operating expenditures	$ 684,284	$ 752,027
Vote 5 - Capital expenditures	26,747	34,151
Vote 10 - Transfer payments	427,715	459,143
Statutory amounts	1,873,827	1,728,229
FORECAST AUTHORITIES AVAILABLE	$ 3,012,573	$ 2,973,550

Authorities presented reflect current forecasts of statutory items, approved initiatives included and expected to be included in Estimates documents and, when reasonable estimates can be made, estimates of amounts to be allocated from Treasury Board central votes.

Note 6 - Accounts receivable and advances

The following table presents details of the Department's accounts receivable and advances balances:

	Planned Results 2013	Estimated Results 2012
Receivables from other government departments and agencies	$ 12,738	$ 9,053
Receivables from external parties	96,203	97,782
Employee advances	78	82
	109,019	106,917
Allowance for doubtful accounts on receivables from external parties	(38,685)	(39,320)
	$ 70,334	$ 67,597

Note 7 - Loans receivable

The following table presents details of the Department's loans receivable balances:

	Planned Results 2013	Estimated Results 2012
Unconditionally repayable contributions	$ 98,931	$ 79,672
Loans resulting from loan guarantee programs	408,555	417,780
	507,486	497,452
Allowance for uncollectibility	(164,288)	(167,998)
	$ 343,198	$ 329,454

(a) Unconditionally repayable contributions

Unconditionally repayable contributions relate to contributions made to outside parties which are repayable based on the initial terms of the contributions.

(b) Loans resulting from loan guarantee programs

The Department's loan receivables are the result of the exercise of loan guarantees by the initial lender under the terms of various loan guarantee programs. These loans are in default with the initial lender and due immediately to the Department. Interest rates on these loans vary according to the initial terms of the loans and applicable government regulations. An allowance of $164,288,000 ($167,998,000 in 2012) relating to these loans is estimated.

Note 8 - Tangible capital assets

	COST				
CAPITAL ASSET CLASS	OPENING BALANCE	ACQUISITIONS	DISPOSALS AND WRITE-OFFS	TRANSFERS AND RECLASSIFICATIONS	CLOSING BALANCE
Land	$ 12,991	$ -	$ -	$ -	$ 12,991
Buildings	600,424	157	197	9,209	609,593
Works and infrastructure	59,111	-	79	2,703	61,735
Machinery and equipment	187,958	6,045	2,697	(16)	191,290
Vehicles	68,224	2,818	1,476	184	69,750
Leasehold improvements	25,264	-	44	2,536	27,756
Computer hardware and software	90,421	1,777	904	6,807	98,101
Assets under construction	45,697	29,205	-	(15,614)	59,288
	$ 1,090,090	$ 40,002	$ 5,397	$ 5,809	$ 1,130,504

		ACCUMULATED AMORTIZATION			
CAPITAL ASSET CLASS	OPENING BALANCE	AMORTIZATION	DISPOSALS AND WRITE-OFFS	TRANSFERS AND RECLASSIFICATIONS	CLOSING BALANCE
Land	$ -	$ -	$ -	$ -	$ -
Buildings	418,009	18,440	178	(33)	436,238
Works and infrastructure	24,799	1,646	78	26	26,393
Machinery and equipment	129,435	8,648	2,641	(205)	135,237
Vehicles	43,781	3,659	1,416	122	46,146
Leasehold improvements	13,981	1,136	44	(378)	14,695
Computer hardware and software	65,092	9,340	904	(472)	73,056
Assets under construction	-	-	-	-	-
	$ 695,097	$ 42,869	$ 5,261	$ (940)	$ 731,765

NET BOOK VALUE

CAPITAL ASSET CLASS	PLANNED RESULTS 2013	ESTIMATED RESULTS 2012
Land	$ 12,991	$ 12,991
Buildings	173,355	182,415
Works and infrastructure	35,342	34,312
Machinery and equipment	56,053	58,523
Vehicles	23,604	24,443
Leasehold improvements	13,061	11,283
Computer hardware and software	25,045	25,329
Assets under construction	59,288	45,697
	$ 398,739	$ 394,993

Transfers and reclassifications of assets under construction represent assets that were put into use in the year and have been transferred to the other capital asset classes as applicable.

Effective November 15, 2011, the Department transferred computer hardware and software with a net book value of $2,995,000 to Shared Services Canada (see note 17).

Note 9 - Accounts payable and accrued liabilities

The following table presents details of the Department's accounts payable and accrued liabilities:

	Planned Results 2013	Estimated Results 2012
Accounts payable to other government departments and agencies	$ 18,387	$ 17,060
Accounts payable to external parties	1,686,366	1,790,825
	1,704,753	1,807,885
Accrued liabilities	114,139	150,131
	$ 1,818,892	$ 1,958,016

Note 10 - Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming mainly from joint collaborative agreements and cost-sharing agreements which are restricted to fund the expenditures related to specific research projects and amounts received for fees prior to services being performed. Revenue is recognized in the period that these expenditures are incurred or the service is performed. Details of the transactions related to this account are as follows:

	Planned Results 2013	Estimated Results 2012
Opening balance	$ 10,468	$ 11,601
Amounts expected to be received	5,429	5,427
Revenue recognized	(5,718)	(6,560)
Closing balance	$ 10,179	$ 10,468

Note 11 - Employee future benefits

(a) Pension benefits

The Department's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Department contribute to the cost of the Plan. The forecast expenses are $60,985,000 in 2012 and $61,851,000 in 2013, representing approximately 1.9 times the contributions by employees.

The Department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future authorities. As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation. Information about the severance benefits, estimated as at the date of these statements, is as follows:

	Planned Results 2013	Estimated Results 2012
Accrued benefit obligation, beginning of year	$ 95,620	$ 109,739
Expense for the year	4,358	22,722
Expected benefit payments during the year	(49,344)	(36,841)
Accrued benefit obligation, end of year	$ 50,634	$ 95,620

Note 12 - Other liabilities

The Department holds funds in trust from the AgriInvest program, the AgriStability program as well as security deposits.

AgriInvest is a producer savings account program that replaces the coverage for smaller income declines that was provided by previous programs. Program payments are cost-shared with the province or territory and producers can withdraw under specific terms and conditions. Since 2010, producers can make their AgriInvest deposits at a participating financial institution of their choice. As such, existing funds held by the federal government are being transferred to the producer's AgriInvest account held at the financial institutions.

The AgriStability program helps producers protect their farming operations against larger drops in income. Program payments are shared 60% federally and 40% provincially/territorially. The provincial/territorial share of the contributions and interest paid on the contributions are held in a specified purpose account until the producers draw down their funds.

	Planned Results 2013	Estimated Results 2012
Opening balance	$ 61,959	$ 294,802
Expected deposits	427,737	414,478
Expected withdrawals	(437,318)	(647,321)
Ending balance	$ 52,378	$ 61,959

Note 13 - Restricted Equity of Canada

A portion of the Department's equity is restricted to be used for a specific purpose. Related revenues and expenses are included in the Statement of Operations. The Department operates two programs which require that the revenues be earmarked to offset the expenses of the program in accordance with legislation.

The Crop Re-insurance Fund was established pursuant to the *Farm Income Protection Act*. This program provides insurance to participating provinces for costs they incur in operating crop insurance programs. The fund records receipts and disbursements under the terms of reinsurance agreements. When there are insufficient revenues to meet payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations.

The Agricultural Commodities Stabilization Accounts were established pursuant to the *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, and has since been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991. The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers. Current activities are limited to collection of accounts receivable.

The balances of the accounts at the end of the year are included in the Equity of Canada. Activities in these accounts are as follows:

	Planned Results 2013	Estimated Results 2012
CROP RE-INSURANCE FUND - RESTRICTED		
Balance, beginning of year	$ 125,529	$ 89,251
Expected revenues	36,702	36,278
Expected expenses	-	-
Balance, end of year	162,231	125,529
AGRICULTURAL COMMODITIES STABILIZATION ACCOUNTS - RESTRICTED	647	647
TOTAL RESTRICTED EQUITY OF CANADA, END OF YEAR	$ 162,878	$ 126,176

Note 14 - Contingencies

Contingencies arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into five categories as follows:

(a) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the Department is obligated or likely to be obligated to incur such costs. As at the date of the preparation of these Future-oriented Financial Statements, the Department had identified approximately 26 sites where such action is possible and for which a liability of $1,462,000 has been recorded in accrued liabilities. The Department has estimated additional clean-up costs of $2,706,000 that are not accrued, as these are not considered likely to be incurred at this time. Additional new sites, changes in the remediation approach or material changes in amounts accrued or not accrued are not forecasted for the future years presented in these statements. However, the Department's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by the Department in the year in which they become likely and are reasonably estimable.

(b) Claims and litigation

The Department has been named in legal claims against the Government of Canada, related to the agricultural industry, for which amounts and likelihood of liability cannot be determined. The limited disclosure regarding the contingent liabilities for legal claims recognized by the Department is a direct reflection of the sensitivity and status of on-going claims.

(c) Loan or price guarantees

As at the date of the preparation of these Future-oriented Financial Statements, the Department had identified the following outstanding guarantees and allowances:

	AUTHORIZED LIMIT	OUTSTANDING GUARANTEES		ALLOWANCE AS AT MARCH 31	
		Planned Results 2013	Estimated Results 2012	Planned Results 2013	Estimated Results 2012
Loans according to the Advance Payments Program under the *Agricultural Marketing Programs Act*	$ 5,000,000	$ 1,420,354	$ 1,549,667	$ 111,773	$ 147,816
Loans to farmers under the *Canadian Agricultural Loans Act*	3,000,000	90,398	85,314	904	853
Price guarantee agreements with marketing agencies pursuant to the Price Pooling Program under the *Agricultural Marketing Programs Act*	No limit	20,922	12,137	-	-
		$ 1,531,674	$ 1,647,118	$ 112,677	$ 148,669

The allowance for losses is the amount recorded for estimated losses on outstanding loan guarantees and is included in accrued liabilities.

Under the Advance Payments Program of *Agricultural Marketing Programs Act*, the Department guarantees the repayment of advances made by producer organizations to farmers in the spring and in the fall, creating a more stable business environment. The maximum cash advance under the program is $400,000. The loans generally have a repayment term of 18 months.

Under the *Canadian Agricultural Loans Act*, the Department guarantees loans by financial institutions to farmers for improvement and development of farms, and the processing, distribution or marketing of farm products. This program guarantees 95 percent of the value of loans provided to farms and co-operatives by financial institutions. For individual applicants, including corporations, the maximum amount for a *Canadian Agricultural Loans Act* loan is $500,000. Most loans are repayable within ten years. For loans related to land purchases, the repayment period is 15 years.

Under the Price Pooling Program of the *Agricultural Marketing Programs Act*, the Department provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products. No allowance has been recorded for this program as no costs are likely to occur.

(d) Conditionally Repayable Contributions

As at the date of the preparation of these Future-oriented Financial Statements, the Department had identified 3 programs which are conditionally repayable. Additional new programs or material changes in amounts of program expenditures are not forecasted for the future years presented in these statements.

Under the Ruminant Slaughter Loan Loss Reserve Program, which ended in 2007, conditionally repayable contributions which are outstanding total $6,612,000. The funds contributed and accumulated interest are repayable within 10 years and no later than December 31, 2017, net of the amounts used to cover a portion of the loan defaults.

Under the ecoAgriculture Biofuels Capital Initiative, conditionally repayable contributions have been issued for a total amount of $51,348,000. Repayments are determined by a project's profitability, and have a maximum repayment period of 7 years.

Under the Slaughter Improvement Program, conditionally repayable contributions have been issued for a total amount of $21,781,000. Repayments are determined by a project's profitability, and have a maximum repayment period of 10 years.

(e) Contingent Recoveries

AgriStability and Canadian Agricultural Income Stabilization (CAIS) programs are federally and provincially/territorially cost shared programs and CAIS Inventory Transition Initiative (CITI) is a federally funded program. When provincial/territorial governments deliver these programs and overpayments occur, the federal government is entitled to recover its share of funding if and when overpayments are recovered. As at the date of the preparation of these Future-oriented Financial Statements, the Department has estimated the contingent recoverable amount as $10,063,000. Contingent recoveries are not recorded in the financial statements.

Note 15 - Related Party Transactions

The Department is related as a result of common ownership to all Government of Canada departments, agencies, and Crown Corporations. The Department enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Department received common services which were obtained without charge from other Government departments as disclosed below.

(a) Common services provided without charge by other government departments

During the year the Department receives services without charge from certain common service organizations, related to the employer's contribution to the health and dental insurance plans, accommodation, legal services, and workers' compensation coverage. These services provided without charge have been recognized in the Department's Future-oriented Statement of Operations as follows:

	Planned Results 2013	Estimated Results 2012
Employer's contribution to the health and dental insurance plans	$ 47,387	$ 44,874
Accommodation	31,571	28,659
Legal services	1,547	1,553
Workers' Compensation	1,426	1,477
	$ 81,931	$ 76,563

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included in the Department's Statement of Operations.

(b) Other transactions with related parties

	Planned Results 2013	Estimated Results 2012
Expenses - Other Government departments and agencies	$ 164,262	$ 158,959
Revenues - Other Government departments and agencies	$ 10,200	$ 10,079

Note 16 - Segmented information

Presentation by segment is based on the Department's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 4. The following table presents the forecasted expenses incurred and forecasted revenues generated for the main program activities, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

*	BRM	IS	SIA	TMD	OFA	RMS	EKTIM	ABD	RCD	CPMA	REF	FPCC	PLANNED RESULTS 2013 TOTAL	ESTIMATED RESULTS 2012 TOTAL
EXPENSES														
Transfer payments	$ 1,774,528	$ -	$ 192,540	$ 57,823	$ 48,295	$ 68,758	$ 7,148	$ 35,461	$ 9,631	$ -	$ -	$ -	$ 2,194,184	$ 2,005,474
Salaries and employee benefits	53,191	200,895	94,611	38,005	55,625	16,905	31,804	2,360	7,556	4	12,679	1,428	515,063	558,553
Professional and other services	22,621	50,086	27,738	9,759	9,258	3,002	8,154	3,838	1,339	9,055	15,528	635	161,013	155,231
Allowance for loan guarantees and bad debts	(35,992)	9,919	-	-	-	-	-	-	-	-	-	-	(26,073)	(1,185)
Materials and supplies	869	20,285	24,260	1,075	21,523	4,835	5,555	17	85	165	5,061	213	83,943	73,186
Amortization of tangible capital assets	-	42,579	-	-	-	-	-	-	-	289	-	-	42,868	46,251
Accommodation	802	60,199	423	1,004	3,507	158	188	12	32	720	415	43	67,503	71,028
Travel	713	5,173	5,649	5,778	4,012	1,451	2,627	192	815	275	1,476	346	28,507	25,824
Repairs and maintenance	1,024	14,974	4,370	51	8,665	306	817	2	1	17	215	66	30,508	29,459
Electricity and other public services	-	15,567	104	1	780	1	5	-	-	8	-	-	16,466	20,761
Crop Re-Insurance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	1,817,756	419,677	349,695	113,496	151,665	95,416	56,298	41,882	19,459	10,533	35,374	2,731	3,113,982	2,984,582
REVENUES														
Crop Re-Insurance Fund	36,702	-	-	-	-	-	-	-	-	-	-	-	36,702	36,278
Sale of goods and services	3,960	14,019	20,344	-	21,648	1,213	3,009	-	-	10,544	-	-	74,737	74,844
Interest	1,753	8,101	21	-	42	31	88	-	-	31	-	-	10,067	11,404
Joint project and cost sharing agreements	3,580	255	1,321	-	-	-	916	-	-	-	-	-	6,072	7,013
Gain on disposal of assets	47	1,043	3,014	-	1,071	554	1,574	-	-	-	-	-	7,303	5,738
TOTAL REVENUES	46,042	23,418	24,700	-	22,761	1,798	5,587	-	-	10,575	-	-	134,881	135,277
NET COST FROM CONTINUING OPERATIONS	$ 1,771,714	$ 396,259	$ 324,995	$ 113,496	$ 128,904	$ 93,618	$ 50,711	$ 41,882	$ 19,459	$ (42)	$ 35,374	$ 2,731	$ 2,979,101	$ 2,849,305

*BRM – Business Risk Management ; IS – Internal Services; SIA – Science, Innovation and Adoption; TMD – Trade and Market Development; OFA – On-Farm Action; RMS – Food Safety and Biosecurity Risk Management Systems; EKTIM – Environmental Knowledge, Technology, Information and Measurement; ABD – Agri-Business Development; RCD – Rural and Co-operatives Development; CPMA – Canadian Pari-Mutuel Agency; REF – Regulatory Efficiency Facilitation; FPCC – Farm Products Council of Canada.

Note 17 –Transfers to other government departments

Effective November 15, 2011, the Department transferred responsibility for the Email, Data Centre and Network Services Unit and Support Unit to Shared Services Canada in accordance with Order-in-Council P.C. 2011-1297, including the stewardship responsibility for the assets and liabilities related to the program. Accordingly, the Department will be transferring the following assets and liabilities related to the Email, Data Centre and Network Services Unit and Support Unit to Shared Services Canada:

	Estimated Results 2012
ASSETS	
Tangible capital assets (net book value) (Note 8)	$ 2,995
	2,995
LIABILITIES	
Vacation pay and compensatory leave	933
Employee future benefits (Note 11)	1,482
	2,415
Adjustment to Equity of Canada	$ 580

In addition, the 2012 comparative figures have been reclassified on the Future-oriented Statement of Operations to present the revenues and expenses of the operations being transferred.